

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SEC-01 SCA-01 JUSE-00 EUR-12
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /074 W
-----111142Z 028582 /16

P R 102219Z JUN 77

FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC PRIORITY 7740
INFO AMEMBASSY GUJJDJDLA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 1 OF 2 SAN JOSE 2689

E.O. 11652: GDS
TAGS: PGOV, CS
SUBJECT: ODUBER ANNOUNCES THAT HE TOLD VESCO TO LEAVE COSTA RICA

BEGIN UNCLASSIFIED

1. SUMMARY: WITH ODUBER'S ANNOUNCEMENT THAT VESCO MUST LEAVE COSTA RICA, THE PRESIDENT IS ATTEMPTING TO DEFUSE ONGOING SCANDAL AS WELL AS TO RID HIS PARTY OF VESCO ISSUE IN CAMPAIGN. FOR PARTISAN POLITICAL REASONS, ODUBER HAD TO DO IT. PRESIDENT'S HIGH ROAD APPROACH TO ISSUE WAS WELL HANDLED. MOST COSTA RICANS WILL NOT BELIEVE THAT VESCO WILL BE GONE, HOWEVER, UNTIL HE ACTUALLY LEAVES. END SUMMARY.

2. COSTA RICA IS STILL REACTING TO DANIEL ODUBER'S SURPRISE ANNOUNCEMENT IN A NATION-WIDE T.V. ADDRESS JUNE 9 THAT HE TOLD VESCO TO LEAVE THE COUNTRY. THE BOMBHELL CAME IN THE MIDDLE OF A ONE-HOUR ADDRESS, WHICH ODUBER BEGAN BY EXTOLLING THE IMPORTANCE OF AND THE HIGH REGARD FOR COSTA RICA AS EVIDENCED BY THE RECENT VISITS OF MRS. CARTER, FRG PRESIDENT SCHEEL,
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AND HIGH OFFICIALS OF THE IDB AND IBRD. ODUBER CAREFULLY REVIEWED RESULTS OF EACH VISIT--PROGRESS ON HUMAN RIGHTS, TRADE EXPANSION OPPORTUNITIES, DEVELOPMENTAL LOANS, TRIBUTES TO COSTA RICA'S DEMOCRATIC SYSTEM--AND CAUSTICALLY NOTED THAT WHILE ALL THIS WAS GOING ON, HIS POLITICAL ENEMIES CONTINUED TO PLAY UP THE CORRUPTION THEME.

3. TURNING TO THE RECENT SCANDAL, WHICH ODUBER PRE-
FACED, WAS SET OFF BY JOSE FIGUERES' "LESS THAN
FORTUNATE" DECLARATIONS TO A U.S. MAGAZINE, ODUBER
RAISED VESCO'S NAME, THE RECENT ATTACK ON "HIS
FAMILY'S HOUSE," AND THE BAD PUBLICITY COSTA RICA
REGULARLY RECEIVES CONCERNING VESCO. HE THEN
STATED: "MANY DAYS AGO I TOLD MR. VESCO THAT HE HAS
TO LEAVE COSTA RICA, AND HE IS GOING TO GO. I TOLD
HIM THAT NOT BECAUSE I BELIEVE HE HAS CAUSED GREAT
DAMAGE TO THE NATION BUT RATHER BECAUSE I DO NOT
WANT THIS SUBJECT USED AS A PRETEXT TO PERMANENTLY
SMEAR THE NAME OF COSTA RICA ABROAD... HE MUST FACE
HIS PROBLEMS IN THE U.S. COURTS OR THOSE OF WHATEVER
OTHER COUNTRY."

"I HAVE JUST READ A NEWS STORY THAT OF THE FAMOUS
\$224 MILLION DOLLARS THEY SAY HE HAS STOLEN, \$186
MILLION HAS ALREADY TURNED UP IN BANKS IN VARIOUS
PARTS OF THE WORLD AND HAS BEEN HANDED OVER TO THE
BOARD OF LIQUIDATORS AND DISTRIBUTED TO THE STOCKHOLDERS."

"THUS, I REALIZE THAT MUCH OF THE NATIONAL AND INTER-
NATIONAL SCANDAL WAS NOT OF THE MAGNITUDE CLAIMED
BY THE SCANDALMONGERS. MY ATTENTION WAS DRAWN TO
THE FACT THAT OF THOSE \$186 MILLION RECOVERED, THE
LIQUIDATORS RECEIVED \$43 MILLION TO COVER LEGAL AND
LIQUIDATION EXPENSES. INCLUDED THEREIN DOUBTLESSLY
ARE ALL THE CAMPAIGN REWARDS OF THE JOURNALISTS AND
SCANDALMONGERS. IT WOULD BE INTERESTING TO KNOW WHAT
PART OF THOSE \$43 MILLION HAS BEEN HANDLED IN EACH
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COUNTRY, WHO HANDLED IT AND IN WHAT FORM."
"AT ANY RATE, I DO NOT BELIEVE IT IS CORRECT TO EXPEL
MR. VESCO FROM ONE DAY TO THE NEXT WITHOUT GIVING
HIM THE OPPORTUNITY TO ARRANGE HIS AFFAIRS AND TO
PUT HIS INVESTMENTS IN ORDER, AS HE IS NOW DOING;
OF INFORMING ME ABOUT HIS INVESTMENTS THAT REMAIN
HERE IN ORDER FOR COSTA RICA TO BE ABLE TO MAKE GOOD

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-----111019Z 036033 /16

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TO SECSTATE WASHDC PRIORITY 7741
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AMEMBASSY PANAMA
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AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 2 OF 2 SAN JOSE 2689
ITS PROMISE TO HAND OVER THIS MONEY WHERE THE COURTS
SAY, AND UNTIL SUCH TIME AS THE (LOCAL) COURTS RESOLVE
THE CHARGES THAT PROHIBIT HIS DEPARTURE FROM
NATIONAL TERRITORY."

"I HOPE THAT WHEN THIS GENTLEMAN DEPARTS, WE CAN TURN
TO MORE IMPORTANT MATTERS. NEVERTHELESS, I AM SURE,
BECAUSE UNFORTUNATELY SUCH IS THE CASE, THAT WHEN
THIS PROBLEM ENDS, OTHER SCANDALS WILL ARISE,
BECAUSE NOW EVERYTHING IS A SCANDAL."

4. ODUBER ENDED HIS REMARKS WITH EXHORTATIONS TO
COSTA RICANS NOT TO WASH THEIR SOILED POLITICAL LINEN
PUBLICLY AND WITH LENGTHY QUOTES FROM SOME
OPPOSITION LEADERS AND OTHER PROMINENT COSTA RICANS
FOR AN END TO PARTISAN POLITICKING WITH THE CORRUPTION
ISSUE. END UNCLASSIFIED.

BEGIN CONFIDENTIAL
5. COMMENT: ODUBER HAS MADE THE FIRST MOVE TO DILUTE
THE CORRUPTION ISSUE IN THE 1978 PRESIDENTIAL CAM-
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PAIGN. HE HAS RESPONDED TO PRESSURES FROM WITHIN
HIS OWN PARTY, AS WELL AS TO THE CLAMOR OF THE
OPPOSITION. HIS REASONS FOR HIS MAKING THE ANNOUNCE-
MENT NOW ARE ZZUS PURELY POLITICAL, I.E. TO TONE DOWN, IF
NOT TURN OFF, THE CURRENT SERIES OF SCANDALS, AND
TO ATTEMPT TO REMOVE VESCO'S NAME AS AN ISSUE. AS PLN
PRESIDENTIAL CANDIDATE LUIS ALBERTO MONGE TOLD EMBOFFS
JUNE 9 AFTER ODUBERS'S SPEECH: "HE HAD TO DO IT."

6. AT SAME TIME, HOWEVER, ODUBER TOOK PAINS TO MAKE KNOWN HIS FEELING THAT THE ALLEGED VESCO FRAUD IS NOT AS MUCH AS HAD BEEN PURPORTED (ONLY \$38 MILLION (SIC) AND NOT \$224), AND THAT ODUBER IS NOT GOING TO DRIVE VESCO OUT UNMERCIFULLY. ODUBER'S TONE THROUGH ALL OF THIS WAS ALMOST RUEFUL. ALSO, WITH REGARD TO THE REMARK ABOUT THE FEES OF LAWYERS AND OTHERS (INCLUDING THE "SCANDALMONGERS"), ODUBER PICKED UP ALMOST THE EXACT LANGUAGE THAT VESCO SPOKESMEN HAVE BEEN USING ON THE SAME SUBJECT.

7. EMBASSY BELIEVES THAT ALTHOUGH THE HEAT SURROUND-
ING VESCO ISSUE MAY NOW SUBSIDE, THERE STILL REMAINS THE
LIGHT OF ONGOING CORRUPTION INVESTIGATION INVOLVING
HIM, THE OPPOSITION IS STILL CHARGED
ON THIS ISSUE. ALSO, WHAT THEY WILL DO
TO RESPOND TO ODUBER'S HIGHLY SKILLFUL HANDLING OF
THIS ISSUE IN LOCAL POLITICAL TERMS IS NOT YET CLEAR.
ODUBER'S PROMISE NOTWITHSTANDING, HOWEVER, MOST COSTA
RICANS, GOVERNMENT PARTY AS WELL AS OPPOSITION, WILL
NOT BELIEVE THAT VESCO IS LEAVING COSTA RICA UNTIL
HE IS ACTUALLY GONE.
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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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